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*Counsel to the Ad Hoc Committee of Senior Unsecured  
Noteholders of Pacific Gas and Electric Company*

**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION**

**In re:**

**PG&E CORPORATION,**

**-and-**

**PACIFIC GAS AND ELECTRIC  
COMPANY,**

Bankruptcy Case  
No. 19-30088 (DM)

Chapter 11

(Lead Case)

(Jointly Administered)

**DECLARATION OF ALEXANDER TRACY  
IN SUPPORT OF MOTION OF THE AD  
HOC COMMITTEE OF SENIOR  
UNSECURED NOTEHOLDERS TO  
TERMINATE THE DEBTORS'  
EXCLUSIVE PERIODS PURSUANT TO  
SECTION 1121(d)(1) OF THE  
BANKRUPTCY CODE**

☐ Affects PG&E Corporation

☐ Affects Pacific Gas and Electric Company

☒ Affects both Debtors

*\*All papers shall be filed in the Lead Case, No.  
19-30088 (DM).*

**Hearing**

Date: July 23, 2019

Time: 9:30 a.m. (Pacific Time)

Place: Courtroom 17

450 Golden Gate Ave, 16th Floor  
San Francisco, CA 94102

1 I, Alexander Tracy, pursuant to 28 U.S.C. § 1746, declare the following under penalty of perjury:

2 1. I am a Partner at Perella Weinberg Partners LP (“PWP”), which has its principal  
3 office at 767 Fifth Avenue, New York, New York 10153 and is an independent, privately-held, global  
4 financial services firm headquartered in New York, New York. I am authorized to make this declaration  
5 (this “Declaration”) on behalf of PWP. Unless otherwise stated in this Declaration, I have personal  
6 knowledge of the facts set forth herein.

7 2. I submit this Declaration in support of the *Motion of the Ad Hoc Committee of*  
8 *Senior Unsecured Noteholders to Terminate the Debtors’ Exclusive Periods Pursuant to Section*  
9 *1121(d)(1) of the Bankruptcy Code* (the “Motion”), filed contemporaneously herewith.<sup>1</sup>

10 3. Except where specifically noted, all statements in this Declaration are based upon  
11 (a) my personal knowledge developed during the course of my engagement with the Ad Hoc Committee  
12 of Senior Unsecured Noteholders of Pacific Gas and Electric Company (the “Ad Hoc Committee”), (b)  
13 my discussions with advisors of other parties in interest in these chapter 11 cases and other members of  
14 my team at PWP, and (c) my review of relevant documents and/or my professional opinion based upon  
15 my experience. If called to testify, I could and would testify to each of the facts set forth herein based  
16 on such personal knowledge, discussions, review of documents and/or professional opinion.

17 4. The Debtors filed petitions for relief under chapter 11 of the Bankruptcy Code on  
18 January 29, 2019. The Debtors have been in chapter 11 in excess of five months and have not presented  
19 a plan of reorganization, nor indicated they are close to being able to do so despite the commencement  
20 of the 2019 wildfire season.

21 5. On May 1, 2019, the Debtors filed a motion requesting an extension of the  
22 exclusive period to file a plan of reorganization to November 29, 2019 and the exclusive period to solicit  
23 acceptance of such a plan to January 28, 2020 [Docket No. 1797] (the “Exclusivity Extension Motion”).

24 6. On May 22, 2019, the Court conducted a hearing to consider the Exclusivity  
25 Extension Motion.

26  
27  
28 <sup>1</sup> Capitalized terms not otherwise defined herein have the meanings given to them in the Motion

1           7.       On May 24, 2019, this Court entered an order extending the period during which  
2 the Debtors have the exclusive right to file a plan until September 26, 2019 and the period during which  
3 the Debtors have the exclusive right to solicit acceptances of such plan until November 26, 2019.

4           8.       PWP was engaged as financial advisor to the Ad Hoc Committee effective as of  
5 January 28, 2019. I lead a team of PWP professionals on this engagement. During the pendency of  
6 these cases, the Debtors have never approached me, or, to the best of my knowledge, and upon  
7 information and belief, any other PWP team member or other representatives of the Ad Hoc Committee,  
8 to negotiate the terms of a plan of reorganization or for purposes of the Ad Hoc Committee investing  
9 fresh capital in the Debtors to facilitate successful emergence from chapter 11. Further, to the best of  
10 my knowledge, and upon information and belief, the Debtors have not engaged with the representatives  
11 of most other major creditor constituencies to work toward developing a plan for emergence from chapter  
12 11. While the Debtors reached a settlement with a group of public entity wildfire claimants, they did  
13 not alert nor discuss this settlement with me or, to the best of my knowledge and upon information and  
14 belief, any other Ad Hoc Committee professional, Creditors' Committee professional or Tort Claimant  
15 Committee professional.

16           9.       Recognizing that time is of the essence and believing the Debtors' estates and  
17 creditor constituencies would be best served by a timely emergence from chapter 11, the Ad Hoc  
18 Committee has worked diligently with its advisors to consider its own plan alternatives. As a result of  
19 these efforts, the Ad Hoc Committee has developed the principal terms of a plan of reorganization,  
20 embodied in the Term Sheet attached to the Motion as **Exhibit B**. The plan of reorganization  
21 contemplated by the Ad Hoc Committee would provide up to \$30 billion in new money to the Debtors  
22 from an investor consortium composed of the largest holders of the Utility's bonds. The Term Sheet  
23 contemplates that members of the Ad Hoc Committee, who are highly credible and well-capitalized  
24 financial institutions that are long-term investors in the Utility as well as other California utilities, would  
25 backstop the entirety of the new money investment.

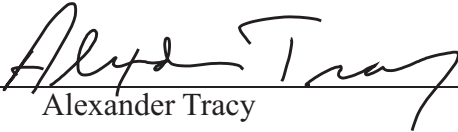
26           10.      Based on my experience as the Ad Hoc Committee's financial advisor and  
27 analysis of the Ad Hoc Committee's proposal, it is my belief that the plan of reorganization, if  
28

1 effectuated, would result in the following benefits to the Debtors' estates and key stakeholders in these  
2 cases:

- 3 • PG&E will be fully recapitalized and its credit metrics will be reestablished to be  
4 consistent with other large U.S. investment grade-rated regulated utilities;
- 5 • A trust will be established for the purpose of paying past wildfire claimants a  
6 timely, fair recovery for all resolved claims;
- 7 • A well-capitalized, sustainable fund will be established to insure against future  
8 utility-related wildfires;
- 9 • Electricity rates will remain at current levels and the cost of capital for utilities  
10 will not be driven up by prolonged uncertainty;
- 11 • The proposal will allow for quicker, lower-cost system investment to enhance  
12 safety and maximize reliability;
- 13 • Current PG&E renewables contracts will remain intact;
- 14 • A long-term functioning framework will be established to ensure reasonable rates  
15 of return going forward for California statewide utility investors; and
- 16 • PG&E employees and pensioners will not suffer any harm or loss.

17 11. Given the Debtors' lack of progress toward development of a plan of  
18 reorganization and lack of engagement with its major creditor constituencies, the Ad Hoc Committee's  
19 proposal represents the best way to move these cases forward. The plan framework embodied in the  
20 Term Sheet would be advantageous to virtually every key stakeholder in these cases and provide the  
21 Debtors with the capital necessary to pay potential future wildfire claims and appropriately invest in  
22 appropriate and necessary safety measures upon emergence from bankruptcy. Accordingly, I believe  
23 that granting the proposed relief and allowing the Ad Hoc Committee to move forward with the plan  
24 embodied in the Term Sheet is in the best interests of the Debtors' estates and their creditors.

1 Dated: San Francisco, California  
2 June 25, 2019

3   
4 Alexander Tracy